

VZCZCXYZ0002
PP RUEHWEB

DE RUEHIN #3016/01 2440338
ZNR UUUUU ZZH
P 010338Z SEP 06
FM AIT TAIPEI
TO RUEHRC/USDA FAS WASHDC PRIORITY 2558
RUEHC/SECSTATE WASHDC PRIORITY 1903
RUCPDOC/DEPT OF COMMERCE WASHDC

UNCLAS AIT TAIPEI 003016

SIPDIS

FAS FOR ITP/AAD/SHEIKH, MIRELES AND SMITHUS

STATE FOR EAP/RSP/TC AND EB/TPP/ABT
STATE PASS AIT/W
STATE PASS USTR FOR ERIC ALTBACH, TIM WINELAND

DOC FOR 4431/ITA/MAC/AP/OPB/TAIWAN/JDUTTON

SIPDIS

E.O. 12958: N/A
TAGS: EAGR ETRD TW

SUBJECT: TAIWAN TIFA FOLLOW UP - AGRICULTURE

¶1. Summary. Official reaction to both the discovery of trace levels of biotech rice in the U.S. and our response to Taiwan's audit of U.S. beef packing plants has been as good as could have been expected. In TIFA follow-up talks, however, the Council of Agriculture (COA) sought to downgrade the proposed Consultative Committee (CCA) by deleting "policy recommendations" and "market access" issues from the scope of the CCA. Negotiations over WTO notification procedures to establish a country specific rice quota made some progress, but the issue is still unresolved. End Summary.

Biotech Rice -

¶2. Reaction to the discovery of trace amounts of the Liberty Link 601 Rice event in long grain rice in the southern United States has been limited. Local industry and government sources confirm that Taiwan has only imported short grain rice from the U.S. in the past. On August 21, 2006, Taiwan imposed a temporary suspension on long grain rice imports from the U.S. Department of Health officials informed us they were under pressure from above to follow the ban put in place by Japan. They pointed out that Taiwan's temporary suspension is less severe than the Japanese ban. Press coverage has been limited and factual. The Taiwan Department of Health has been very flexible on documentation requirements to establish that future rice shipments from the U.S. are not long grain varieties. The requirements will also be based on the loading date. While officials at the Council of Agriculture voiced concerns over the possibility that long grain rice might be present in processed rice products, officials at the Department of Health did not raise the issue.

Rice CSQ notification procedure -

¶3. Negotiations on a procedure to notify the WTO of a Country Specific Quota (CSQ) for Taiwan's public sector rice imports were advanced in discussions between USTR's Director of China and Taiwan Affairs Tim Wineland and Chinese Taipei's Ag Consular to the WTO Susan Chang on August 21, 2006. While most substantive issues involving the establishment of a CSQ and several other head-note changes to Taiwan's rice schedule have been resolved for several months, Chinese Taipei has not notified the WTO of the CSQ due to procedural differences between Chinese Taipei and the U.S., Australia, and Thailand. A possible agreement on notification procedures that would protect U.S. interests was discussed at the

meeting and will be reviewed by USTR legal staff. Taiwan's key interest appears to be having the objections to the tariff schedule portion of its old rice schedule lifted so that other parties do not have the opportunity to object to its high out-of-quota rice tariff rate.

Consultative Committee on Agriculture-

¶4. The Council of Agriculture (COA) in their reply to the U.S. draft MOU and Terms of Reference for the TIFA Consultative Committee on Agriculture sought to significantly narrow the scope of the Committee. Their counterproposal deleted language that stipulated that the CCA had the authority to make policy recommendations and to discuss market access issues. The US delegation led by Deputy Assistant USTR Eric Altbach raised our objections with a COA delegation headed by Wen-Deh Chen, Director General of the Department of International Affairs at COA. He pointed out that discussing market access issues and policy recommendations was the main point of establishing the CCA and that without that broad mandate, it was difficult to envision high-level U.S. interest in the CCA.

¶5. USDA will respond formally to COA's proposed text, and the Minister of COA has instructed his staff to agree to CCA documents by the end of October. Other Taiwan ministries are more enthusiastic about this proposal.

Delivery of U.S. Response to Taiwan's Beef Audit Report -

¶6. Taiwan Department of Health (DOH) officials generally reacted positively to the U.S. response to their audit report. Pending review by a formal committee of scientific experts, DOH Officials initially accepted USDA's responses to the principle issues raised in the audit report - the segregation of Canadian cattle and the used of dedicated saws. The DOH said that they will provide our office with a formal response in the coming weeks.

¶7. Based on a DOH visit to the US last April, Taiwan objected to the slaughter of Canadian cattle in the U.S. for export to Taiwan and insisted that dedicated saws be used for animals above and below the age of 30 months that were going to be exported to Taiwan. The U.S. industry has agreed to segregate Canadian cattle so that they are not immediately slaughtered and shipped to Taiwan. This will no longer be necessary once Taiwan reopens its market to Canadian beef, a process that will probably be delayed by the recent discovery of Canada's eighth BSE case. After some objections, the officials accepted our reasoning for allowing sanitation to be used in place of dedicated saws.

YOUNG